



A COMPARATIVE STUDY OF ORGANIZED AND UNORGANIZED RETAIL SECTOR AT NAGPUR

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ABSTRACT

Retailing in India is gaining attention. Organized retailing especially is creating euphoria amongst Indian consumers drawing them into malls and trade areas with great numbers. Shopping for food and grocery products has witnessed a revolution in Indian retail market with the conspicuous changes in the consumer buying behavior driven by strong income growth, changing life styles and favorable demographic patterns. Most of the food and grocery products reach the consumers through Neighborhood kirana stores which are unorganized. But the very fast changing trends in consumption patterns, food and eating habits of consumers have contributed immensely to the growth and development of 'Western' format typologies such as super markets, convenience stores, discount stores and hyper markets. This paper aimed to explore and examine the predictability of major constructs (i.e shopper attributes, store attributes, information sources and situational factors) on retail format choice behavior in food and grocery retailing from the proposed model based on the identification of research gaps. This paper also intended to examine the patronage intentions with chosen store formats.

KEYWORDS: Retailing, Organized Retailing, Unorganized Retailing, consumer buying behavior.

I. INTRODUCTION

Retail markets and shops have a very ancient history, dating back to antiquity. Retailing involves the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Retailers satisfy demand is identified through a supply chain. Any organization selling to final consumers whether it is a manufacturer, wholesaler or retailer-is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine, or internet or where they are sold-in a store, on the street, or in the consumer's home). A Retailer thus, provides value creating functions like assortment of products and services to the consumers, breaking bulk, holding inventory and provides services to consumers, manufacturers and wholesalers.

Retailing broadly involves:

- Understanding the consumers' needs
- Developing good merchandise assortment and
- Display the merchandise in an effective manner

So that shoppers find it easy and attractive to buy. Retailing thus, may be understood as the final step in the distribution of merchandise, for consumption by the end consumers. Simply, any firm that sells products to the final consumer is performing the function of retailing. It thus consists of all activities involved in the marketing of goods and services directly to the consumers, for their personal, family or household use. In an age where customer is the king and marketers are focusing on customer delight, retail may be redefined as the first point of customer contact..

II. METHODOLOGY

Type of Research: Descriptive: Description of the conditions as it exists presently includes survey & fact-finding enquiries of different kinds.

Research Method:

Research methods are understood as all those methods and techniques that are used for conduction of research. Research methods or techniques refer to methods or techniques refer to methods the researchers use in performing research operation. In other words, all those methods which are used by the researchers during the course of studying his research problems are termed as research methods. Since the object of research, particularly the applied research, is to arrive at a solution for a give problem, available data and the unknown aspects of the problem have to be related to each other to make a solution possible. Keeping in view we took the following two methods.

Data collection: The data is collected through primary and secondary method:

Primary Data Collection: It is collected by direct method through the interview and questionnaire. Secondary Data Collection: The secondary data is collected from the books, journals, internet and other sources.

Sampling

Sampling Size = 50 respondents

Sampling Method: Convenient Sampling

Sampling Area: Nagpur City

III. PRIOR APPROACH

In order to understand and gain more insight about the topic, the study of available literature has been conducted.

According to Ms. R. Lavanya and Nadar Saraswathi[1].

As per the paper, the growth in the Indian organized retail sector is mainly because of change in the consumer's behavior. Consumer prefers the place where he can get food, entertainment and shopping all less than one roof. Majority of the consumers are visiting organized formats for variety, easy availability, cleanliness with additional facility of entertainment for children and convenient parking facility and restaurant etc. Both organized as well as unorganized retailers need to add value added services to make the shopping experience more comfortable and value oriented.

According to Prof. Kalpana Singh [2].

The size of India's retail industry is expected to more than double to \$1.3 trillion by 2020. Further organized retail penetration in India's total retail is on increase. Recent policy changes and greater external liberalization of retail sector will bring many more foreign retailers to India. It is expected that FDI will accelerate the growth of organized retail. India's huge population with large proportion of young, increasingly brand- and fashion-conscious population, high potential growth in consumer expenditure, growing middle class are some of the factors due to which the macro trends for the sector looks favorable. Among organized retail segments, Mass Grocery and Apparel are segments growing faster than other segments. In next few years, multi-brand organized retail is expected to expand in specialty stores such as Consumer Electronics, Footwear, Furniture and Furnishing etc.

According to Meena Rajesh[3].

The major opportunity and challenges for both organized and unorganized retailers remain same as they see each other as their biggest threat. There would be a win-win situation for both if they mitigate the challenges and leverage on the opportunities that could benefit both sectors. To enhance the growth the organized retailers needs to adopt strategies with respect to investment in technology and in supply chain management. Investment in technology would reduce their wastage of time, goods and efforts. The government should also ensure a single window clearance for retail chain and permit FDI in retail in different phases. Government can encourage PPP model for infrastructural development It can also ensure flexibility of labor laws thereby ensuring the availability of skilled workforce for organized retailing.

IV. OUR APPROACH

Objective of the study:

- To find the degree of association between the organized and unorganized sector.
- To determine the nature and trends in buying patterns of customers.

- To identify perception of customer toward these sectors.

Hypothesis:

The following hypothesis has been set to conduct the research.

H0: There is no significant association between Organized & Unorganized Retail Sector.

Ha: There is significant association between Organized & Unorganized Retail Sector.

V. FINDINGS & RECOMMENDATION

Findings:

- The organized retail sector is growing and the consumers more prefer this sector over the unorganized retail sector.
- Based on preference of one stop, cleanliness, discounted price, variety of product is very good in organized sector.
- The unorganized sector is strong but due to fast life there is a need to adapt some parameters of organized sector, which are providing over unorganized so that the consumer will not get attracted towards organized sector.
- There are certain factors like home delivery, fast service that is lacking in both the sectors so there is need give these services to customer for the growth.
- The unorganized sector is not that much impacted but in coming years might see the impact.
- Consumers are inclining towards the organized sector.

Recommendation:

- Organized retail sector must focus on the fast delivery, meat quality, home delivery etc. to grow further.
- Unorganized retail sector should focus on the discounted price, home delivery, parking, one stop solutions, and variety of products, regular prices, and offers etc. to compete with organized retail.

VI. CONCLUSION

This study explores the various areas of organized retail sector where they have to focus in order to increase their market also the strong factors which are already adopted. The study shows the weak factor for organized are the fast service, home delivery, location and relationship factors also meat quality is not good as per the respondents. These factors are to be taken care of for the growth in business. The strong factors for organized sector are discounted price, offers, variety, one stop solution, service, ambience and parking. These factors are attracting the customers also making huge preference and the store cleanliness is very good, very good regular prices, quality of product, bakery products, milk products are also of very good quality.

For the unorganized retail sector, the weak factors are discounted price, one stop solution, offers, ambience, home delivery and parking. The unorganized retail sector must focus on these factors in order to grow in the market and retain the customers. The strong factors of the unorganized retail sector are quality, location, variety, relationship and faster service. The unorganized sector should focus on weak parameter so that these will not hamper the business.

From the study, it shows that there is a strong association between the organized and unorganized retail sector. The weak factors of organized sector are the strong factors of unorganized retail sector vice versa.

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